

James J. Dwyer, Staff Attorney, at (202) 942-0581, or C. David Messman, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

#### **Applicant's Representations**

1. Applicant is an open-end non-diversified management investment company that was organized as a Massachusetts business trust. On November 26, 1990, applicant registered under the Act as an investment company, and filed a registration statement to register its shares under the Securities Act of 1933. The registration statement became effective on March 4, 1992, and applicant's initial public offering commenced on that date.

2. At a meeting held on January 7, 1994, applicant's trustees approved an agreement and plan of reorganization (the "Plan") whereby applicant would transfer all of its assets and liabilities to Putnam Tax Exempt Income Fund (the "Income Fund"), a Massachusetts business trust registered under the Act, and subsequently liquidate. Applicant's trustees determined that the proposed reorganization would achieve economies of scale, including lower advisory and operating costs, and result in performance benefits for applicant's shareholders.

3. Applicant and Income Fund share a common investment adviser, officers, and trustees. Accordingly, applicant and Income Fund may be deemed to be affiliated persons of each other. Applicant therefore relied on the exemption provided by rule 17a-8 under the Act to effect the reorganization. Consequently, in accordance with rule 17a-8, applicant's trustees determined on January 7, 1994, that the purchase of the assets of applicant by Income Fund was in the best interests of applicant's shareholders, and that such purchase would not result in any dilution to the interests of the existing shareholders.<sup>1</sup>

4. Proxy materials relating to the Plan were filed with the SEC on March 14, 1994, and mailed to applicant's shareholders on March 29, 1994. Applicant's shareholders voted to approve the Plan at a special meeting held on May 5, 1994.

5. As of May 6, 1994, applicant had 1,862,787.75 shares outstanding, having an aggregate net asset value of \$16,314,742.28 and a per share net asset value of \$8.76. On May 9, 1994, pursuant to the Plan, applicant transferred all of its assets and liabilities to Income Fund in exchange for a number of full and fractional Class A shares of Income Fund having an aggregate net asset value equal to the value of applicant's assets attributable to shares of applicant transferred to Income Fund. No brokerage commissions were paid in connection with such transfer. Applicant then distributed to its shareholders *pro rata* the Income Fund Class A shares it received, in complete liquidation of application.

6. The expenses applicable to the Plan, consisting of accounting, printing, administrative, and certain legal expenses, were \$76,669. Applicant paid all expenses in connection with proxy printing and solicitation. All other expenses were assumed ratably by applicant and Income Fund in proportion to their net assets as of May 6, 1994.

7. Applicant has no shareholders, assets, or liabilities. Applicant is not a party to any litigation or administrative proceeding. Applicant is not engaged in, nor does it propose to engage in, any business activities other than those necessary for the winding up of its affairs.

8. On August 5, 1994, applicant filed the necessary documents in Massachusetts to terminate its existence as a Massachusetts business trust.

For the SEC, by the Division of Investment Management, under delegated authority.

**Margaret H. McFarland,**

*Deputy Secretary.*

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[Rel. No. IC-20896; 811-6433]

#### **Smith Breeden Institutional Intermediate Duration U.S. Government Fund; Notice of Application**

February 10, 1995.

**AGENCY:** Securities and Exchange Commission ("SEC").

**ACTION:** Notice of application for deregistration under the Investment Company Act of 1940 (the "Act").

**APPLICANT:** Smith Breeden Institutional Intermediate Duration U.S. Government Fund.

**RELEVANT ACT SECTION:** Order requested under section 8(f).

**SUMMARY OF APPLICATION:** Applicant seeks an order declaring it has ceased to be an investment company.

**FILING DATES:** The application was filed on November 21, 1994 and amended on February 6, 1995.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on March 7, 1995, and should be accompanied by proof of service on the applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street NW., Washington, D.C. 20549. Applicant, 200 Europa Drive, Suite 200, Chapel Hill, North Carolina 27514.

**FOR FURTHER INFORMATION CONTACT:** Marianne H. Khawly, Staff Attorney, at (202) 942-0562, or C. David Messman, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

#### **Applicant's Representations**

1. Applicant is a registered open-end, diversified, management investment company under the Act and is organized as a business trust under the laws of the Commonwealth of Massachusetts. On October 8, 1991, applicant filed a Notification of Registration on Form N-8A pursuant to section 8(a) of the Act and a registration statement on Form N-1A under section 8(b) of the Act. With respect to the securities issued by applicant pursuant to the Securities Act of 1933, a registration statement on Form N-1A was filed on November 29, 1991. The registration statement became effective on February 24, 1992, and applicant's initial public offering commenced on March 12, 1992.

2. At a joint meeting held on June 2, 1994, applicant's Board of Trustee (the "Trustees") unanimously determined that applicant's continuation was no longer in the best interest of applicant or its shareholders. The Trustees determined that applicant's

<sup>1</sup> Rule 17a-8 provides relief from the affiliated transaction prohibition of section 17(a) of the Act for a merger of investment companies that may be affiliated persons of each other solely by reason of having a common investment adviser, common directors, and/or common officers.

shareholders would be better served by a liquidation of applicant's assets. The Trustees reached this conclusion based upon the recommendation of Smith Breeden Associates, Inc. (the "Adviser") that applicant's master-feeder structure was no longer the most economically viable alternative over the long term. The master-feeder structure was chosen initially to allow for flexibility in distribution. The Intermediate Series initially had a load and was to be marketed by brokers to a retail market. This plan was not successful and assets only grew to \$8 million after two years. The Adviser was supporting an expense cap in both the master and feeder funds creating redundancies in expenses at small asset levels. After two years, the Adviser concluded that it could no longer support the expense caps. The Trustees voted to approve a plan of liquidation whereby the assets of applicant would be distributed in case or in-kind to applicant's shareholders in complete liquidation of the applicant.

3. According to applicant's Declaration of Trust, no shareholder vote was required. Prior to the time of liquidation, applicant was required to notify shareholders of the plan of liquidation in the form of a letter signed by a majority of the Trustees. The letter was sent by overnight courier on July 28, 1994.

4. On August 1, 1994, immediately preceding the liquidation, applicant had a total of 895,357.904 shares of beneficial interest outstanding. At such time, applicant's aggregate and per share net asset value was \$8,813,488.2 and \$9.843, respectively.

5. All portfolio securities and any other assets of applicant were distributed to applicant's shareholders in connection with the liquidation. On August 1, 1994, applicant transferred its assets to its shareholders at fair market value in cancellation of their shares. Prior to the liquidating distribution, Smith Breeden Intermediate Duration U.S. Government Series ("Intermediate Series") held a majority of applicant's shares (870,004.56). The Intermediate Series received all of applicant's investments and remaining cash. The Intermediate Series assumed all of applicant's liabilities which consisted of: \$7,483,827 for accounts payable for securities purchased; \$3,697 for accrued expenses; and \$2,652 for investment advisory fees. The value of assets and cash received by the Intermediate Series was \$8,563,932.70.

6. On August 1, 1994, applicant transferred cash to its minority shareholders in the amount of \$249,555.50. This payment was equal to the net asset value of such shareholders' shares on

such date. Prior to the plan of liquidation, minority shareholders held 25,353.344 shares.

7. On July 29, 1994, the balance of unamortized organizational expenses was \$24,256. Initially, these expenses were paid by the Adviser and applicant established an Account Payable for Organization Costs (The "Account") to the Adviser.

On July 29, 1994, the balance in the Account equalled the balance of unamortized organizational expenses. In liquidation, the Adviser forgave the Account and relinquished its right to be reimbursed for the organization costs it paid.

8. All expenses incurred in connection with applicant's liquidation were borne by the Intermediate Series. Such expenses, totalling \$2,000, included legal and drafting fees.

9. As of the date of the application, applicant has no assets, debts, or shareholders. Applicant is not a party to any litigation or administrative proceeding. Applicant is neither engaged in nor proposes to engage in any business activities other than those necessary for the winding-up of its affairs.

10. Applicant will terminate its existence as a business trust under Massachusetts law.

For the SEC, by the Division of Investment Management, under delegated authority.

**Margaret H. McFarland,**  
*Deputy Secretary.*

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## DEPARTMENT OF STATE

[Public Notice 2167]

### Shipping Coordinating Committee, Subcommittee on Safety of Life at Sea; Working Group on Safety of Navigation; Notice of Meeting

The Working Group on Safety of Navigation of the Subcommittee on Safety of Life at Sea (SOLAS) will conduct an open meeting at 9:30 a.m. on Wednesday, March 22, 1995, in room 6103, U.S. Coast Guard Headquarters, 2100 Second Street, SW., Washington, DC.

The purpose of the meeting is to prepare for the 41st session of the Subcommittee on Safety of Navigation (NAV) of the International Maritime Organization (IMO) which is tentatively scheduled for September 18-22, 1995, at the IMO Headquarters in London.

Items of principal interest on the agenda are:

—Routing of ships and related matters

—International Code of Signals  
—Navigational aids and related matters  
—Vessel Traffic Services (VTS) and ship reporting  
—Revision of SOLAS chapter V  
—Human element and bridge operations  
—Review of World Meteorological Organization (WMO) handbooks on navigation in areas affected by sea-ice  
—IMO standard marine communication phrases  
—Removal of wrecks and towage of offshore installations, structures, and platforms  
—Review of the Code for the Safe Carriage of Irradiated Nuclear Fuel (INF Code)  
—Operational aspects of Wing in Ground (WIG)—craft  
—Safety of passenger submersible craft  
—Automatic ship identification transponder systems.

Members of the public may attend these meetings up to the seating capacity of the room. Interested persons may seek information by writing: Mr. Edward J. LaRue, Jr., U.S. Coast Guard (G-NSR-3), Room 1416, 2100 Second Street, SW., Washington, DC 20593-0001 or by calling: (202) 267-0416.

Dated: February 3, 1995.

**Charles A. Mast,**  
*Chairman, Shipping Coordinating Committee.*  
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## Shipping Coordinating Committee

[Public Notice 2166]

### Subcommittee on Safety of Life at Sea Working Group on Containers and Cargoes; Meeting

The Working Group on Containers and Cargoes of the Subcommittee on Safety of Life at Sea (SOLAS) will conduct an open session from 1:00 p.m. to 4:00 p.m. on Wednesday, March 15, 1995, in room 6436 at U.S. Coast Guard Headquarters, 2100 Second Street SW., Washington, DC 20593-0001. This will be a joint meeting of the Working Group's Panel on Multimodal Transport and Containers, and the Panel on Bulk Cargoes. The purpose of the meeting is to establish U.S. positions on matters to be addressed at the 34th session of the International Maritime Organization's (IMO) Subcommittee on Containers and Cargoes (BC 34) to be held at IMO Headquarters in London, March 27-31, 1995.

Items of particular interest that will be discussed at this meeting include:

1. Review of guidance and proposed amendments to the Containers and Cargoes (BC), Cargo Securing Manual Circular (MSC/Circular 385).